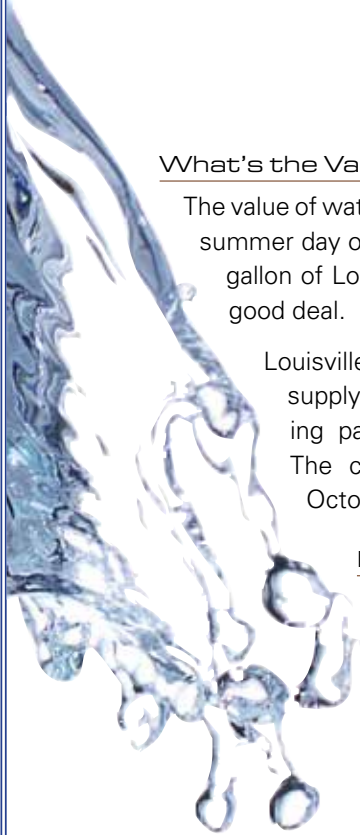


# water AND value

LOUISVILLE WATER COMPANY  
ANNUAL REPORT 2013





### What's the Value of Water?

The value of water can be found in public health, fire protection, a cool drink on a hot summer day or a nice meal at a local restaurant. It costs less than a penny for a gallon of Louisville Water, but Louisville Water's value extends beyond just a good deal.

Louisville Water is a lifeline to the region, supplying a safe, high-quality supply of water to 850,000 people in Louisville Metro and surrounding parts of Bullitt, Nelson, Oldham, Shelby and Spencer counties. The company started as Kentucky's first public water provider in October 1860.

### Louisville Water Vision

To be the water supplier of choice throughout the Louisville region by:

- Providing best-of-class quality, customer service, innovation and value
- Expanding the geographic areas we serve
- Creating new lines of water-related businesses that build on existing competencies

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VALUE



*It costs less than a penny for a gallon of  
Louisville Water.*



JAMES H. BRAMMELL  
President/CEO  
Louisville Water Company

I am pleased to present Louisville Water Company's 2013 Annual Report. The word "value" is often associated with water and for good reason. Louisville Water is a lifeline to the region, providing a reliable, high-quality supply of drinking water for just a few cents a day. As you read about our success in 2013, you will notice that value extends beyond just affordability to innovation, customer service, fire protection and quality of life.

It is an honor to serve as Louisville Water's 18th president. I assumed this role in July, following Greg Heitzman, who ended a distinguished 30-year-career at this company in 2013 to become the Executive Director at Louisville MSD.

In 2013, Louisville Water and MSD worked together to advance the concept of consolidating services, an initiative we call "One Water." A Due Diligence Team consisting of executive leadership from both organizations completed eight months of critical analyses to examine the benefits and risks associated with combining MSD and Louisville Water Company. The team concluded that a full consolidation is not advisable at this time and recommended to Mayor Greg Fischer the creation of a Comprehensive Interlocal Agreement strategy as a logical first step for the One Water concept. This strategy includes sharing certain support services and provides the opportunity for significant cost savings. It also protects the unique governance structure of Louisville Water. In 2014, we will begin to combine select support functions and continue to identify other opportunities for synergies. We already work closely with MSD on billing and customer service. Our goal in sharing services is to provide for more efficient operations and reduce the size of future rate increases while continuing to provide the community with outstanding service and value.

#### Success in the Midst of Financial Challenges

Louisville Water, like many water utilities, continues to see a decline in water consumption. For 2013, frequent rainfall and a cooler-than-normal summer contributed to decreased water use. Water consumption dropped to its lowest level in over 40 years and Louisville Water faced an \$8 million deficit in revenue. However, a determined focus on cost containment helped us overcome the deficit and provide our owner, Louisville Metro, with a \$19.6 million dividend. We continue to see positive trends in other revenue, including our regionalization efforts. We formed a new partnership with Hardin County Water District No.2 and expanded a partnership with Lebanon Junction.

#### Quality Product and National Recognition

Customers often praise the taste of our water, and once again in 2013, our peers recognized that excellence as Louisville Water was awarded the "People's Choice for Best-Tasting Tap Water in North America" by the American Water Works Association. Louisville Water also received the highest honor for utility performance from the Association of Metropolitan Water Agencies.

The partnership we have with our labor union, Local 1683, is considered a national model. In 2013, Billy Meeks the Local's longest-serving union president and a staunch advocate for creating our labor-management partnership, retired. Billy's 23 years of service to this company and Local 1683 set a standard for years to come.

Our employees really do make the difference in the service we provide. It is an honor to lead an organization where quality, service, value and innovation are among our core values.

A handwritten signature in dark ink that reads "James H. Brammell". The signature is written in a cursive, flowing style.

James H. Brammell  
President/CEO



Spencer Bruce  
Vice President  
Chief Engineer



Jim Grunow  
Interim Vice President  
Chief Engineer  
(July - December 2013)

2013 was a year of transition as Chief Engineer Jim Brammell was named President and CEO of Louisville Water. Jim Grunow served as Interim Vice President and Chief Engineer until Spencer Bruce was named to the position in December.

### Treatment Plant Operations

In the fall of 2013, we successfully completed a four-year project to rebuild the Crescent Hill Filtration Plant. This project was the largest investment at the plant since it opened in 1909 and allows Louisville Water to continue to exceed the Environmental Protection Agency's drinking water standards.

The largest component of this \$90 million project was renovating the east filters and installing a new backwash system. This \$35.5 million investment allows for more effective filtration of the drinking water and a more reliable system for cleaning the 14 filters. In 2013, we also completed renovating the north coagulation basins and upgrading the accompanying facility. This was the first renovation of the basins, some of which were originally installed in the 1950s.

At the B.E. Payne Treatment Plant, work was well-underway to construct a facility that will allow the production of a dilute sodium hypochlorite solution. We installed a similar system at the Crescent Hill Plant in 2010. This \$9.3 million facility eliminates the risk of storing gaseous chlorine and creates a much safer environment for our employees and the community.



Fourteen filters were renovated at the Crescent Hill Filtration Plant.



The chlorine generation facility at the B.E. Payne Plant will be complete in 2014.

VALUE



The Ohio River provides an abundant water source; over 75 billion gallons of water flow by Louisville daily.

In addition, we began designing a system that will allow us to eliminate storing the remaining Process Safety Management regulated chemical at the treatment plants: ammonia. Ammonia is used to produce chloramine for disinfection. We are developing a system that would replace gaseous ammonia with a much safer aqueous ammonia feed-and-storage system. We will implement the project first at the B.E. Payne Plant and then at the Crescent Hill facility. The systems should be in place at both plants in 2015.

#### Transmission Main Assessment

Louisville Water has an ongoing commitment to assess its critical transmission mains. Our initial focus is pre-stressed concrete cylinder pipe (PCCP). Using a robotic tool, we successfully inspected nearly 14 miles of a 24-inch PCCP that stretches across the northern part of Jefferson County. The inspection allowed us to proactively repair or replace weak sections of this main.

Based on the results of a 2011 inspection, we rehabilitated six sections of a 60-inch PCCP between Spring Farm Road and English



*Crews inspect and repair transmission mains.*



Station Road using a carbon fiber wrap. Louisville Water has nearly 100 miles of PCCP as part of the transmission main system; and our goal is to inspect all of this main in a 10-year program.

In 2013, we invested \$5.2 million in replacing or repairing smaller diameter water mains. This annual effort ensures the reliability of our distribution system. Louisville Water also continues to replace lead service lines, with 694 services renewed in 2013.

#### Riverbank Filtration at Crescent Hill Filtration Plant

We began preliminary engineering in 2013 to install riverbank filtration at the Crescent Hill Plant. We have had outstanding success with this advanced treatment technology at the B.E. Payne Plant; it supplies a higher quality of source water since the water is naturally filtered in the aquifer rather than drawn directly from the Ohio River.

The preliminary engineering includes installing test wells to analyze ground water and subsurface investigations to evaluate the feasibility of a tunnel system to collect ground water. A riverbank filtration system using a tunnel-and-well system would be a much larger initiative for the Crescent Hill Plant as compared to the B.E. Payne facility. We will use this engineering report to determine the feasibility, configuration and estimated cost for riverbank filtration.

#### Wolf Pen Branch Project

Louisville Water now has a backup supply line to serve the northeastern part of our service area. We completed the Wolf Pen Branch Phase II 36-inch transmission main project in December 2013, installing over three miles of pre-stressed concrete cylinder pipe along Springdale Road and Hurstbourne Lane. This \$6.5 million project required intense coordi-



*Wolf Pen Branch Transmission Main Project.*

nation as the main crossed an interstate highway and high-traffic neighborhood roads. The 36-inch transmission main provides a redundant supply to a portion of a 60-inch transmission main.

#### Gatehouse Restoration

The Crescent Hill Reservoir and Gatehouse are some of Louisville Water's oldest facilities, dating back to 1878. The reservoir is part of our treatment operations today, and the Gatehouse includes the original valves used to control the flow of water in and out of the basins. The facilities are listed as Kentucky Historic Sites. Scaffolding went up around the Gatehouse in late 2013 as we began a \$2 million restoration project to replace the slate roof, repair masonry and rehabilitate the interior of the structure. The reservoir is a popular community walking destination, and we are coordinating work to limit interruptions to the public. We regularly host tours of the Gatehouse and will resume those when the project is complete in 2014.

#### Partnership for Safe Water Award

Louisville Water was one of three water utilities in the United States recognized by the Partnership for Safe Water for excellence in distribution system operations. Recently, the Partnership expanded from water-treatment optimization to water quality optimization in distribution systems to ensure a high-quality, safe supply of drinking water is delivered to customers' taps. The program consists of four phases: commitment, baseline and annual data collection, self-assessment, and optimized performance. Louisville Water was among three utilities to first receive the Phase III designation.



*The slate roof on the Gatehouse will be replaced for the first time in the building's 130-year history.*



VALUE



*Louisville Water maintains over 4,100 miles of water main.*



*Dave Vogel  
Vice President  
Customer Service*

### Customer Care and Billing Project

Louisville Water continues to see positive trends in how customers view our performance. In 2013, the Customer Satisfaction Index finished at its highest annual average since 2003. This opinion-based survey looks at customer attitudes towards quality, service, reliability, information and value. In addition, the service index of the survey noted its highest annual score on record. This survey measures perceptions of customers who had a transaction with Louisville Water through perhaps a bill question or a service order.

On the heels of this performance, Louisville Water launched its largest project to date for improved customer service. In July, we kicked-off the Customer Care and Billing Project, a \$29 million initiative to replace the company's billing and mobile work-force management systems. The project team is cross-functional and includes 40 employees from Louisville Water and MSD, along with members of Oracle and Five Point Consultants. When complete in early 2015, the new system will allow for improved customer interactions in-person, on the phone, and through web and mobile channels.

MSD is actively participating in the Customer Care and Billing Project, and in 2013 we executed a new billing agreement with the District. A cost-of-service and benchmarking study helped develop an annual fee schedule that MSD will pay to Louisville Water for billing services. The agreement capped months of negotiations that will ultimately benefit both organizations and represents the largest collaborative effort between the two entities.



*Two work areas were constructed at the John L. Huber building to allow team members to collaborate on the Customer Care and Billing project.*



*The Customer Care and Billing System will provide additional options for Louisville Water's Customer Care Representatives.*

VALUE



*In 2013, Louisville Water service cost 72 cents a day for the average residential customer.*

### Customer Assistance Program

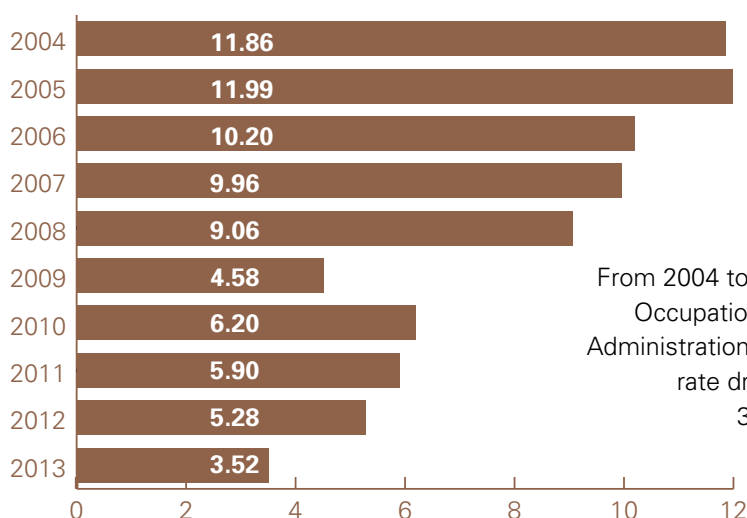
We continue to grow the program to help customers who have difficulty paying their water and sewer bill. In 2013, the Customer Assistance Program provided \$99,512 to three local entities that work directly with clients. Funding is based on 10% of the proceeds from the home protection programs along with a donation from HomeServe, the company that administers the protection program. Since 2010, the Customer Assistance Program has steadily grown and to date has provided assistance to over 2,800 families.

### Safety—A Record Year

Louisville Water continued its focus on employee safety, and in 2013 we achieved our best safety performance on record. Driven by employees, we continue to strive for zero injuries and the development of a culture where everyone goes home in the same condition as they arrived at work. For the first time, Louisville Water outperformed its peers in work-related injury rates (as published by the Bureau of Labor Statistics) and continued the journey toward world-class safety performance.



*Conversations about safety are part of daily team meetings at Louisville Water.*



From 2004 to 2013, Louisville Water's Occupational Safety and Health Administration (OSHA) recordable injury rate dropped by 70% to 3.52 in 2013.

Louisville Water has wholesale contracts with eight water providers in Bullitt, Hardin, Nelson, Shelby and Spencer Counties. In 2013, we finalized a new wholesale agreement with Hardin County Water District No. 2 and expanded our partnership with the city of Lebanon Junction.

#### Lebanon Junction Partnership

An expanded wholesale agreement secures the water needs for Lebanon Junction in Bullitt County for the next 40 years. In December, we finalized an agreement that calls for Lebanon Junction to receive 100% of its water from Louisville Water, around 60 million gallons annually. Lebanon Junction has been a wholesale customer since 2000, but only purchased about half of its annual water supply from Louisville Water. To make the connection, we are investing \$188,000 to install a small section of six and eight-inch water main and new master meter. The improvements allow Lebanon Junction to provide improved water pressure and install additional fire hydrants. We expect to fully convert Lebanon Junction to Louisville Water by the spring of 2014.

#### Hardin County Water District No. 2

A new water-purchase agreement with Hardin County Water District No. 2 will help secure the needs of a growing part of Hardin County. In May, we finalized an agreement that includes the District purchasing a minimum of 60 million gallons of water a year from Louisville Water in 2016 and then increasing that amount to 365 million gallons by 2021.

Both Louisville Water and the District are making investments in the partnership. In Hardin County, the District will construct up to 11 miles of 24-inch diameter main, construct a pumping station and an elevated storage



*Louisville Water President/CEO Jim Brammell and Lebanon Junction Mayor Butch Sweat sign a partnership agreement.*



*Hardin County Water District No. 2 is constructing an elevated tank and installing water main to connect to Louisville Water.*



#### VALUE



*Fire Protection: Louisville Water maintains over 23,000 public fire hydrants.*

**Legend**

- Proposed Construction
- Construction in Progress
- Service Area
  - Current Retail Service Area
  - Current Wholesale Service Area
  - New Wholesale Customers
  - Current Operations
- Booster Pump Station
- Extended Storage Tank
- Ohio River
- Major Streets
- County Boundary

DATE: 3/2/2014

LOUISVILLE WATER

with HCWD1 as it converts its treatment plant to a chloramine disinfection system.

Operations at the River Ridge Commerce Center in Clark County continue to be successful. Louisville Water is a contract partner with River Ridge Development Authority for operation of the water plant that serves commercial and industrial customers at the 6,000-acre site. The Indiana Department of Natural Resources owns the water system.

In 2013, the average daily delivery was 350,000 gallons and increased to nearly a half-million gallons in the summer with irrigation. The plant's capacity is two million gallons a day, ensuring an ample supply for future growth. The Commerce Center continues to attract new business, and the planned construction of a heavy-haul road from the Port of Indiana to River Ridge and the Louisville-Southern Indiana Bridges Projects will further enhance its appeal.

We concluded the first year of operations of the water treatment and pumping systems on the Fort Knox military post through a contract partnership with Hardin County Water District 1 (HCWD1). Our partnership includes operations and a water-purchase agreement. By the end of 2013, HCWD1 had nearly completed the design of a 16-inch transmission main that will connect to Louisville Water and allow the purchase of up to 3.5 million gallons of water daily. Louisville Water engineers also are working

### Louisville pure tap®— the People's Choice

Louisville is known for its outstanding water quality and great-tasting product, and once again our peers have recognized the value of Louisville pure tap®. Louisville's drinking water was named the "People's Choice for Best-Tasting Tap Water in North America" by attendees at the American Water Works Association annual conference. It is the second time in five years that the Association has honored Louisville Water with national recognition.

The Louisville pure tap® campaign was part of over 250 community, school and sporting events in 2013 with compostable cups, coolers, water pitchers, and BPA-free bottles, and often attendance by Louisville Water staff. The campaign promotes the quality and value of tap water and provides a convenient and "green" way for guests to stay hydrated.

For the first time, Louisville Water hosted a family-friendly race at its corporate landmark. The Louisville pure tap® 5k began and ended at the Louisville Water Tower. This partnership with the Louisville Sports Commission is part of a new fall run-a-thon.

### Adventures in Water Education

Using water as the foundation for science and social studies curriculum is at the core of the Adventures in Water education program. In 2013, Louisville Water educators worked with 43,500 students at nearly 100 schools in Jefferson and surrounding counties. A new partnership with high schools in Jefferson County Public Schools allows health magnet-school students to teach water curriculum in elementary schools.

A highlight of the outreach is the Adventures in Water Festival. This annual event draws



*Louisville Water employees and Tapper offer a "toast" following the national Best-Tasting Tap Water award.*



*One-thousand runners took part in the Louisville pure tap® 5k.*

students from over 20 schools to the Louisville Water Tower for hands-on activities with water.

### Community Engagement

Louisville Water employees are actively engaged in the communities we serve. In 2013, employees volunteered over 4,595 hours to 100 organizations. To complement the company's mission of improving public health and quality of life, Louisville Water created a foundation in 2013. The Louisville Water Foundation provides water assistance and water education here at home and around the world. Louisville Water began the Foundation with a one-time \$50,000 donation. The Foundation will operate with a percentage of the proceeds from the company's water-line protection program and donations from individuals, corporations and government entities. The Foundation announced its first gift in December of 2013, a \$10,000 donation to WaterStep, a Louisville-based water relief organization, as part of emergency assistance after a catastrophic typhoon hit the Philippines.

The Foundation is one of four local entities benefiting from Louisville Water's annual Combined Giving Campaign. In 2013, employees pledged \$162,213 to benefit the Fund for the Arts, Metro United Way, Water for People and the Louisville Water Foundation.

Louisville Water's dental partnership, Smile Kentucky! received national recognition from the American Dental Association. The Association highlighted the program at its national kick-off location for Children's Dental Health Month in February. Smile Kentucky! provides dental education, screenings and treatment to children. In 2013, over 12,000 children took part in education programs, and 300 received free dental treatment.



Members of Local 1683 tap a water main at the Adventures in Water Festival.



Now in its 11th year, Smile Kentucky! has provided over \$1 million in free dentistry.

VALUE



Get back to the tap—the recommended amount of drinking water for good health costs around 50 cents annually at the tap.

### Restoring Pumping Station No. 1 at Louisville Water Tower Park

In January, Louisville Water began a 13-month project to restore and renovate the interior of its original pumping station built in 1860. The project included taking the facility back to closely resemble its original pre-Civil War condition. Up to 70 layers of paint were removed, a cast-iron and brass spiral staircase was restored, and all of the original wood and brick was repainted. Pumping Station No. 1 will have new life as a rental facility and as the WaterWorks Museum. The museum highlights Louisville Water's considerable archive of historic photographs, film and memorabilia and allows visitors to discover how water "works" throughout the community.

Along with the restoration, we have rebranded the site as "Louisville Water Tower Park" to call attention to the over 150-year connection between Louisville Water and the community. The WaterWorks Museum opened to the public March 1, 2014, and will host thousands of school children and visitors each year. The facility also will welcome special events, including festivals, weddings and private meetings.





VALUE



The Louisville Water Tower and Original Pumping Station are one of eight National Historic Landmarks in Louisville.

### Achievement Awards

*American Society of Civil Engineers, Distinguished Service Award - Denise Hettinger*

*Association of Metropolitan Water Agencies, Platinum Award for Utility Management and Performance*

*Fund for the Arts, 16th Largest Employee Campaign in Louisville Metro*

*Kentucky/Tennessee Section American Water Works Association, Outstanding Customer Service Award - Rosalind Bridges*

*Kentucky/Tennessee Section American Water Works Association, Outstanding Social Media Campaign Award, Louisville pure tap® program*

*Kentucky/Tennessee Section American Water Works Association, Internal Communications Award for Louisville Water's Combined Giving Campaign*

*Kentucky/Tennessee Section American Water Works Association, Award of Excellence for Water Distribution*



*Advanced Treatment Technology Program Manager Kay Ball received the "Fuller Award" from the Kentucky/Tennessee Section American Water Works Association, one of the highest achievements awarded to individuals in the water industry.*

*The American Institute of Architects named Louisville Water's Original Pumping Station and Water Tower as one of "Ten Buildings that Changed Louisville."*



*Louisville Water's men's Tapping Team placed 2nd at the Kentucky/Tennessee American Water Works Association Conference.*



*Louisville pure tap® is named the "People's Choice" for Best-Tasting Tap Water in North America by the American Water Works Association.*

### Boards and Commissions

*American Public Works Association Kentucky Chapter Board - Wayne Whitehouse, Director*

*American Red Cross Louisville Area Chapter Board - Dave Vogel, Director*

*Association of Metropolitan Water Agencies - Greg Heitzman, Member*

*American Society of Mechanical Engineers, Louisville Section - Ralph McCord, Chair*

*American Society of Civil Engineers Kentucky Chapter - Shanaka Ewing, Treasurer*

*American Water Works Association (AWWA) KY/TN Section Water Utility Council - Vince Guenther, Chair*

*AWWA KY/TN Section Diversity Committee - Daniel Tegene, Vice Chair*

*AWWA KY/TN Section Public Information Committee - Kelley Dearing Smith, Chair*

*AWWA National Finance and Accounting Management Controls Committee - Amber Halloran, Chair*

*AWWA Water Research Foundation - Greg Heitzman, Trustee*

*Boy Scouts of America, Lincoln Heritage Council* - Greg Heitzman, Member

*Business Diversity Network* - Johnnie Rice, Chair

*Fairdale High School Construction Trade Board* - Spencer Bruce, Member

*Fund for the Arts* - Greg Heitzman, Member,  
*Greater Louisville, Inc.* - Greg Heitzman, Member

*Harbor House of Louisville Board* - Roger LeMaster, Member

*InfraGard Kentucky Water Sector* - Glen Mudd, Chair

*Institute of Electrical and Electronics Engineers, Louisville Chapter Executive Committee* - Larry Bryant, Member

*Interlink Counseling Services Treatment Center Board* - Brian Bobbitt, Member

*International Facility Management Association, Greater Louisville Chapter* - James Mok, President

*Jefferson Community & Technical College Advisory Board* - Michael Bryant, Member

*Kentuckiana Construction Users Council Board* - David Simmons, Member

*Kentuckiana Regional Planning & Development Agency* - Jim Grunow, Bullitt County Water Management Council and Jim Smith, Oldham County Water Management Council

*Kentucky 811 Board* - Harold Hunt, Member

*Kentucky Chapter of Hazardous Materials Managers Board* - Ralph McCord, Director

*Kentucky Dental Foundation Board* - Kelley Dearing Smith, Member

*Kentucky Derby Festival Board* - Jim Brammell, Member and Event Chair

*Kentucky/Indiana Exchange* - Greg Heitzman and Jim Brammell, Members

*Kentucky Industry Liaison Group Board* - Kathy Schroeder, Member

*Kentucky State American Society of Civil Engineers Board of Governors* - Daniel Tegene, Member

*Kentucky Water/Wastewater Agency Response Network* - Glen Mudd, Vice Chair

*Leadership Kentucky Foundation* - Barbara Dickens, Executive Committee Member

*Lincoln Foundation Board* - Ed Chestnut, Member

*Louisville Better Business Bureau Board* - Greg Heitzman, Secretary

*Louisville/Jefferson Co. Information Consortium Board* - Jim Brammell, Member

*Louisville Metro-Animal Services Board* - Jim Brammell, Chair & Amber Halloran, Treasurer

*Louisville Metro Merit Board* - Barbara Dickens, Member

*Louisville Sports Commission Board* - Amber Halloran, Treasurer

*River Road Business Association Board* - Greg Heitzman and Jim Brammell, Members

*Rotary Club of Louisville Grant Committee* - Amber Halloran, Chair

*Salvation Army Louisville Area Command Advisory Board* - Kim Reed, Member

*The Center for Women and Families Board* - Barbara Dickens, Member

*WaterStep Advisory Board* - Greg Heitzman, Member

*Water Information Sharing and Analysis Center* - Greg Heitzman, Member

*UofL Center for Infrastructure Research Advisory Board* - Jim Brammell and Keith Coombs, Members

*UofL Center for Labor/Management Advisory Board* - Kathy Schroeder, Member

*UofL School of Public Health & Information Sciences Board* - Jim Brammell, Member

*Urban Renewal Commission Housing Development Board* - Lisa Ogburn, Member



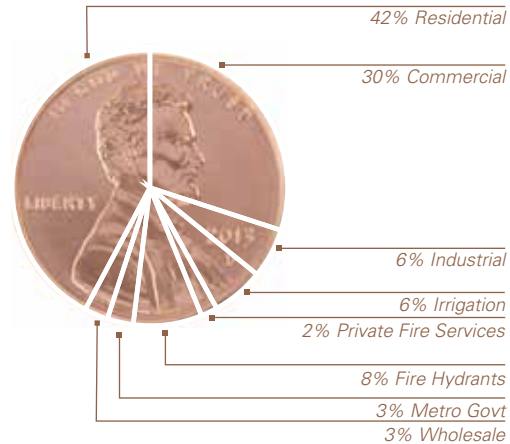
Amber Halloran  
Vice President, Finance -  
Treasurer

Louisville Water had a strong financial performance in 2013 and continued to provide some of the lowest water rates in the region. The success came in the midst of declining water sales as a cool irrigation season helped push water consumption down to 33.9 billion gallons— the lowest level since 1969. Despite the downward trend, we continue to see growth in water-related and regionalization revenue. Financial results provided for continued investment in our infrastructure and new technology and a return to our shareholder, Louisville Metro, of a \$19.6 million dividend and \$15.4 in free water and fire protection for a total value of \$35 million.

Standard & Poor's Rating Services affirmed its "AAA" long-term and underlying ratings for the Board of Water Works' revenue bonds. Standard & Poor continues to give Louisville Water its highest rating, noting the strong financial operations of the company, the long-term planning efforts and the risk management and controls.

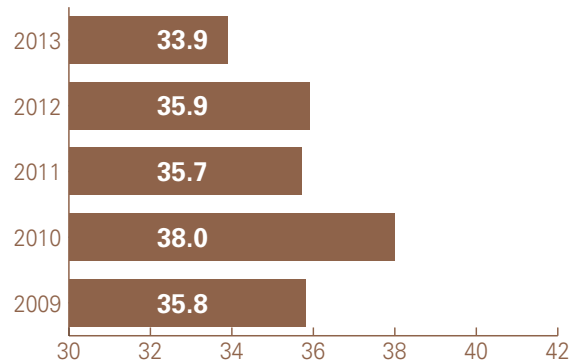
While the majority of United States water utilities continue to experience declining consumption, Louisville Water is firmly poised to address this challenge with a focus on regionalism, other sources of revenue growth, internal and external efficiencies and synergies, adjusting our budget and long-range plans.

### 2013 Water Revenue



### Total Consumption

(in billion gallons)



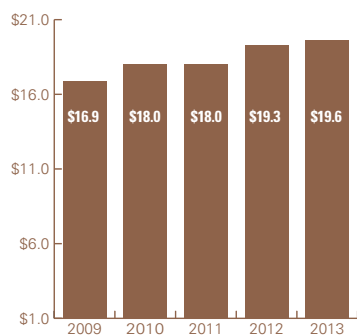
### Sale of Water Revenue Analysis

Louisville Water Company

	number of customers at December 31		consumption - ytd (1,000) gallons		revenue - ytd (in 000s)	
	2013	2012	2013	2012	2013	2012
Residential	243,187	242,007	13,227,765	14,067,469	\$ 62,046	\$ 62,269
Commercial	22,514	22,462	12,266,561	13,216,325	43,661	44,641
Industrial	330	307	3,613,971	3,157,508	9,522	8,177
Irrigation	12,159	11,512	1,756,470	2,334,456	8,695	10,436
Fire Services	4,255	4,202	30,630	33,452	2,616	2,523
Public Fire Hydrants	23,841	23,792	-	-	11,603	11,154
Metro Govt	635	644	1,188,173	1,299,109	3,834	4,129
Wholesale	6	6	1,814,687	1,825,359	3,719	3,558
GRAND TOTALS	306,927	304,932	33,898,257	35,933,678	\$145,696	\$146,887

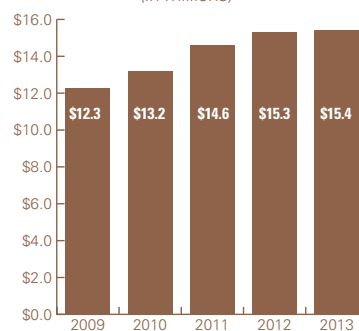
### Dividends Declared

(in millions)



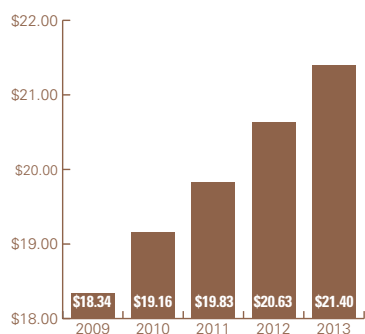
### Water & Fire Service Provided in Lieu of Taxes

(in millions)



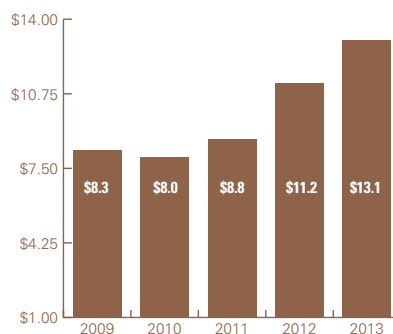
### Average Residential Monthly Water Bill

based upon median usage of 5,000 gallons per month



### Other Operating Revenue

(in millions)



### Operations

(amount in millions of gallons)

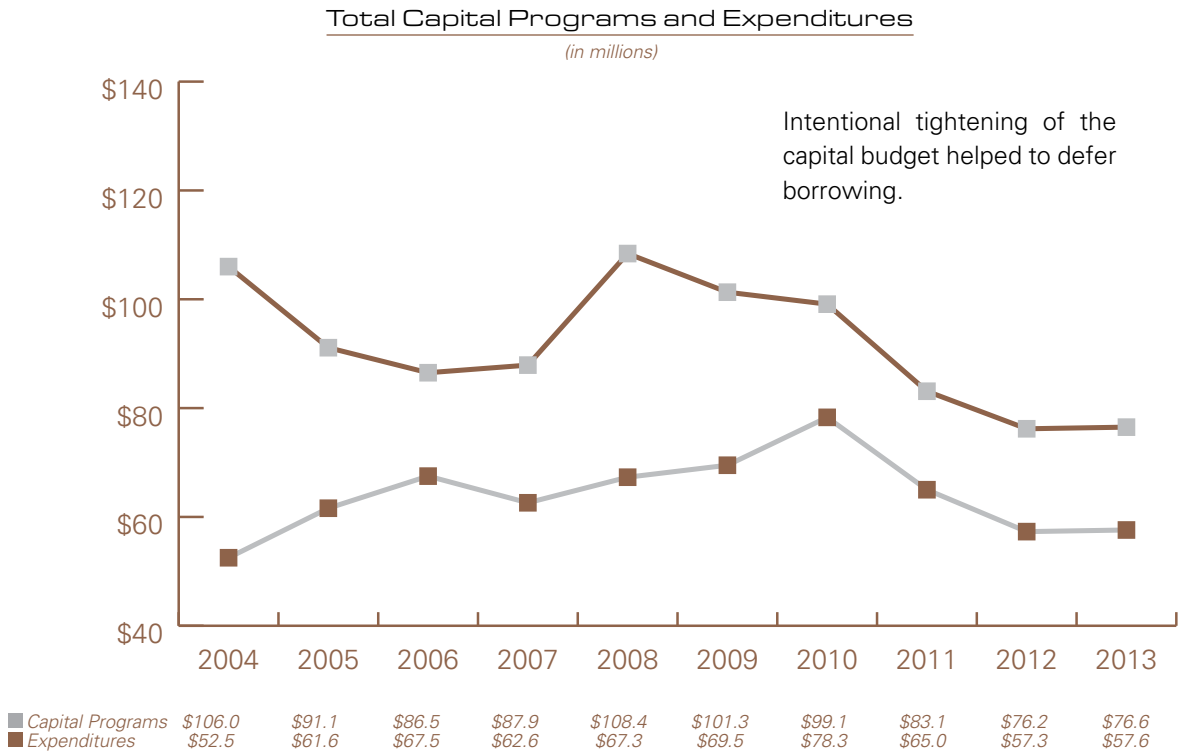
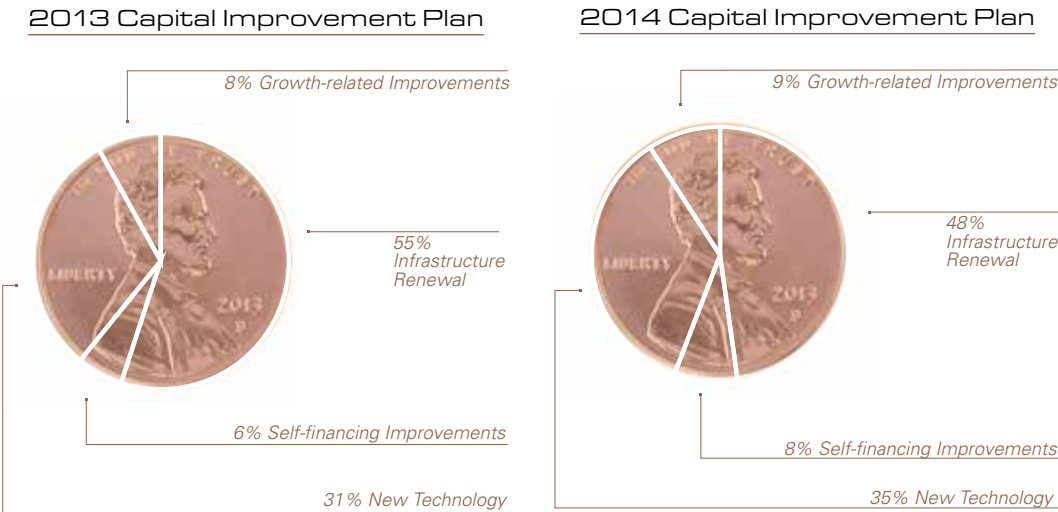
	2009	2010	2011	2012	2013
Water Delivered to Mains (Net System Delivery)	44,476	46,234	44,036	43,676	42,281
Average Daily Pumpage	124	128	122	121	116
Maximum Daily Pumpage	157	173	188	185	153
Percent of Water Metered	82%	83%	82%	83%	81%
Average Residential Monthly Water Bill*	\$18.34	\$19.16	\$19.83	\$20.63	\$21.40

\*based upon median usage of 5,000 gallons per month

### Historical Review

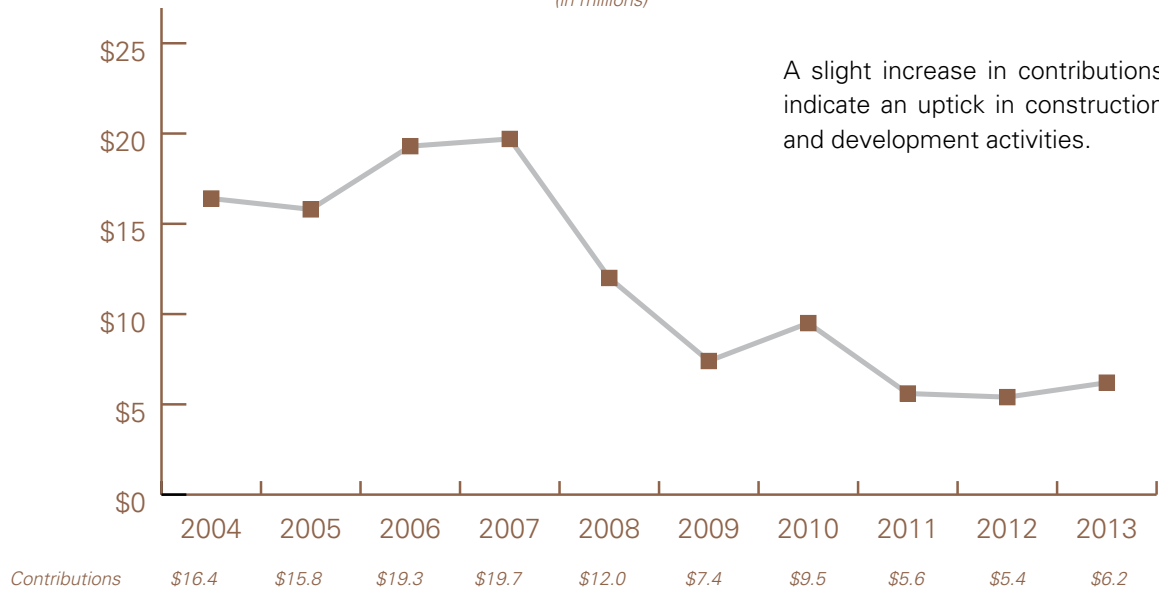
(000s)

	2009	2010	2011	2012	2013
Operating Revenues	\$ 136,224	\$ 148,366	\$ 148,193	\$ 158,047	\$ 158,824
Total Operating Expenses	\$ 94,266	\$ 99,455	\$ 105,441	\$ 109,328	\$ 109,926
Net Non-operating Income (Expenses)	\$ (4,542)	\$ (7,403)	\$ (7,933)	\$ (6,990)	\$ (8,052)
Net Income before distributions, contributions and extraordinary items	\$ 37,416	\$ 41,508	\$ 34,819	\$ 41,728	\$ 40,846



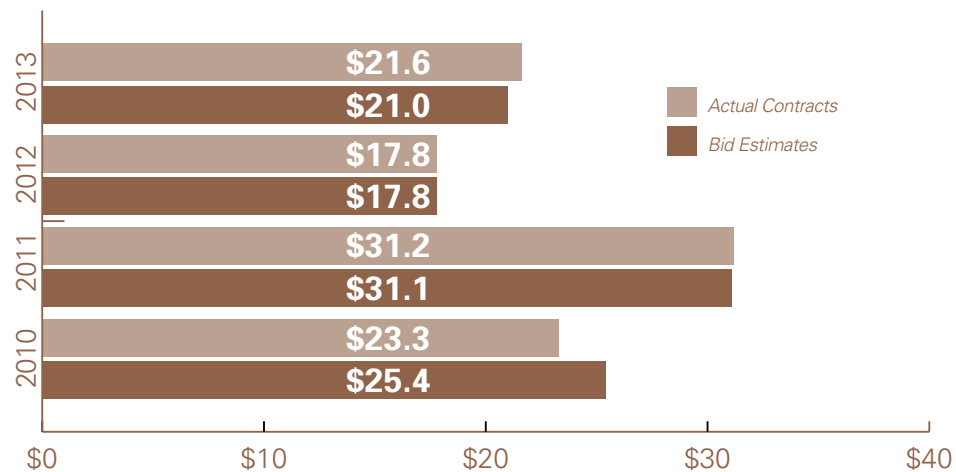
### Contributions in Aid of Construction

(in millions)



### Capital Bids

(in millions) estimates versus actual contracts



Louisville Water’s customer base includes Louisville Metro/Jefferson County and parts of Bullitt, Nelson, Oldham, Shelby and Spencer Counties. The company has wholesale contracts with Hardin County Water District 1, Hardin County Water District No. 2, Lebanon Junction, Mount Washington, North Nelson Water District, North Shelby Water Company, Taylorsville and West Shelby Water District.

Louisville Water operates two treatment plants: the Crescent Hill Filtration Plant has a capacity of 180 million gallons per day, and the B.E. Payne Water Treatment Plant has a capacity of 60 million gallons per day. Louisville Water draws water directly from the Ohio River at the Crescent Hill Plant and in the aquifer through a riverbank filtration system at the B.E. Payne Plant.



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<b>Average Daily Delivery</b>	<b>116 million gallons</b>
<b>Total Miles of Pipe</b>	<b>4,153 miles</b>
<b>Fire Hydrants</b>	<b>23,841</b>
<b>Valves</b>	<b>52,301</b>
<b>Water Main Breaks</b>	<b>589</b>

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Louisville Water has a goal of reducing water main-break frequency to 15 breaks per 100 miles of pipe per year by 2017. The main-break frequency for 2013 was 14.2. The average for the last five years (2009-2013) is 15.5.



## Executive Leadership Team

### *Front*

**Amber Halloran**

*Vice President, Finance - Treasurer*

**Barbara Dickens**

*Vice President, General Counsel and Secretary*

**Adam Carter**

*President, AFSCME Local 1683*

**Dave Vogel**

*Vice President, Customer Service*

### *Back*

**Spencer Bruce**

*Vice President, Operations and Chief Engineer*

**Ed Chestnut**

*Vice President, Administration*

**Jim Brammell**

*President/CEO*



## Board of Water Works

*(as of December 31, 2013)*



**Greg Fischer**  
*Mayor, Louisville Metro (ex officio)*



**Marita Willis**  
*Chair, President, Community Impact*



**Creighton Mershon**  
*Vice-Chair Retired, General Counsel BellSouth- ATT/KY Operations*



**John Bleidt**  
*Attorney, Seiler Waterman, LLC*



**Glenn D. Sullivan**  
*President, The Sullivan University System, Inc.*



**Dr. Sharon Kerrick**  
*Associate Director, UofL College of Business*



**Craig D. Willman**  
*Retired Louisville Firefighter*



*In 2013, Doc Gahafer and Tandy Patrick concluded their service with the Board of Water Works.*

*Ms. Patrick served on the Board from 2009-2013 and Mr. Gahafer from 2011-2013. Louisville Water is grateful for their years of service.*



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